

SPECIALIZED COVERAGE (ELECTIVE COVERAGE FOR EXEMPT WORKERS)

Under provisions in the California Unemployment Insurance Code (CUIC), employers may elect Unemployment Insurance (UI) and/or Disability Insurance (DI) coverage for their exempt employees. The Employment Development Department (EDD) refers to these elections as Specialized Coverage.

Specialized Coverage requirements:

- Requests must be in writing, filed with and approved by EDD.
 - The election must remain in effect for at least two complete calendar years unless the election is for a minor child. Elective coverage for a child terminates on the child's eighteenth birthday at which time the child is mandatorily subject to both UI and DI.
 - Termination requests must be in writing, filed with EDD during January, and will be effective January 1 of the year filed (if more than two complete calendar years have passed since the effective date of the election). Requests postmarked after January 31 will be denied unless "good cause" for the late filing is evident.
- Elections for coverage will be denied if any of the following conditions exist:
- The intent is to discontinue the business within eight calendar quarters (2 years).
 - The regular trade, business, or occupation of the employing unit is seasonal in its operations (this does not apply to public entities).
 - The employing unit has failed to make a return or to pay contributions within the time required by the CUIC and there are unpaid contributions owed.
 - The entity or officer or agent or person having charge of the affairs of the employing unit has been convicted within the last eight consecutive calendar quarters (2 years) of violations specified in Chapter 10 (commencing with Section 2101) of the CUIC.

SPECIALIZED COVERAGE CODE SECTIONS AND WHO MAY ELECT

CUIC Section	Type of Entity	Type of Coverage Offered	Forms Required
701	Employing units that do not qualify as "employers" under the CUIC (wages paid in any calendar quarter have not exceeded \$100).	UI and DI	DE 1378
702	Employing units who employ noncovered workers, such as statutorily exempt workers, may request coverage for all services in one or more distinct places of business.	UI and DI	DE 1378
702.1	Nonprofit employers who employ noncovered workers. The election requires a written petition signed by a majority of the noncovered workers.	UI and DI	DE 1378
702.5	Sole proprietors, or partners in a partnership, may request coverage for exempt family members who perform services (spouse, parents, natural or adopted children under 18). For partnerships, the relationship that created the family exemption must apply to all partners.	DI only	DE 1375C DE 1378J DE 1378K
702.6	California employers may elect coverage for California residents whose services are covered under the unemployment compensation laws of another state that does not have a DI program. (For employees who are part of a labor organization, the election must be the result of a negotiated agreement.)	DI only	DE 1378
703	Employers may elect coverage for California residents working outside California whose services are not in employment and who are not mandatorily covered by the laws of any other state or the federal government.	UI and DI	DE 1375 DE 1378

CUIC Section	Public Entities and School Districts (Covered by law for UI but not for DI)	Type of Coverage Offered	Forms Required
709	Employers may elect coverage for all employees (including those who have elected UI coverage). This requires an election by the appropriate governing board on its own motion or pursuant to a written petition signed by a majority of the employees.	DI only (UI coverage mandatory)	DE 1378L DE 1378M
710	Employers may elect coverage for employees excluded from mandatory UI coverage. The UI financing method in effect for covered employees will be extended to employees included in the election.	UI only	DE 1PE DE 1378
710.4	School employers may elect coverage for: <ul style="list-style-type: none"> • Employees who are part of an appropriate bargaining unit. The election must be the result of a negotiated agreement. • Management and confidential employees. • Unrepresented employees (who are not part of an appropriate bargaining unit). 	DI only (UI coverage mandatory)	DE 1378N DE 1378P
710.5	Public entity employers may elect coverage for: <ul style="list-style-type: none"> • Employees who are part of an appropriate bargaining unit. The election must be the result of a negotiated agreement. • Management and confidential employees. • Unrepresented employees (who are not part of an appropriate bargaining unit). 	DI only (UI coverage mandatory)	DE 1378N DE 1378P

For further information you may contact the nearest Employment Tax Customer Service Office. Offices are listed in the State Government Section of the telephone book under Employment Development Department, Employment Tax Information or Payroll Tax Information and Assistance. Offices are also listed on the EDD Internet site at www.edd.cahwnet.gov under "Service Locations."

Equal Opportunity Employer/Program. Auxiliary services and assistance available to persons with disabilities.